

THE BRITISH XYLONITE COMPANY (Manufacturers of Plastics)

A RECORD YEAR

DIVIDEND AGAIN INCREASED

SIR LAURENCE MERRIAM ON CURRENT YEAR'S PROSPECTS

The ANNUAL GENERAL MEETING of The British Xylonite Company, Ltd., will be held on June 8 at the offices of the Company, Highams Park, London, E.

The following is the statement by Sir LAURENCE MERRIAM, the chairman, which has been circulated with the report and accounts:—

The year 1959 has been a record year for the Group both in turnover and profit. The turnover has risen from £11,800,000 in 1958 to £13,500,000 in 1959.

Conditions continue to be extremely competitive especially on the raw materials side and it is very gratifying that the consolidated group profit has risen from £1,023,877 to £1,298,635—an increase of 27 per cent. Taxation demands were lower, and the consolidated group net profit has risen from £480,877 to £739,635.

A Satisfactory Result

The net profit attributable to The British Xylonite Co. Ltd. is £469,394 compared with £307,520 in 1958. This satisfactory result has enabled the directors to recommend a final dividend of 16 per cent making 20 per cent for the year, compared with 15 per cent for 1958.

The pace of development within the industry gets faster and as a result the expenditure on new plant, buildings and development has once again increased beyond the formidable figure of £850,000 for 1958. The total for 1959 was £952,000, which is considerably above the £497,000 provided for depreciation and the fixed assets have accordingly increased by £455,000.

During the year great attention has been paid to stocks which, in spite of a higher turnover, have been held at a lower level.

The position in regard to debtors is not so satisfactory and they have risen during the year from £1,868,000 to £2,733,000. In any developing business with new materials and new methods being constantly introduced it is perhaps inevitable that this should occur. Nevertheless it is a situation which requires careful watching and puts an added strain on our cash resources.

Divisions

The manufacturing divisions, despite another year of extremely competitive trading, increased their sales from £4,091,000 to £4,561,000 (11 per cent) and at the same time increased their trading profit. The pattern in each unit was similar—increased turnover, increased competition, considerable handicaps due to shortage of labour and factory space, and the necessity to undertake large expansion of plant and facilities. Buildings can be extended but the labour shortage remains and it may well be that this shortage will handicap our growth in the immediate future.

The outstanding factors in their trading have been the increased acceptance of the polystyrene container for many varieties of cosmetics, detergents, and household chemicals, and the successful collaboration with Bissell Inc. of Grand Rapids, Michigan, United States, on household cleaning appliances. All units continue to be extremely busy and turnover is now at an appreciably higher rate than during the corresponding period last year.

Associated and Subsidiary Companies
B.X. Plastics shared in the general expansion of business and increased their turnover by 11 per cent. They have installed during the year a considerable amount of plant and machinery, much of which is not yet in full production. Conditions remain extremely competitive in all sections and it is ironical in certain cases to find continued downward pressure on prices while working to full capacity. For many years the manufacture of Xylonite (celluloid) was the Company's principal production in the raw material field and it is of interest that, although this material now only accounts for some 11 per cent of our turnover, we have a longer order book than for about seven years.

Considerable expansion of plant and buildings continues at the Bramham factory and the move of the sales office from Larkwood to Bramham has begun. This move, which will take approximately 18 months to complete, will enable us to overhaul all our organization and methods and will help the Company to give better service to its customers.

Through the Power Gas Company a contract has been made with the U.S.S.R. to erect a polymerization plant in Russia. The plant is to the design of B.X. Plastics Limited who supplied the necessary secret information. The sum receivable has been credited to capital reserve account, details of which are found in the notes on the accounts.

The Expanded Rubber Company had a difficult year due to changes in type of business and rises in price of raw materials which could not be passed on to customers. Conditions now appear to be improving.

Bentford had an excellent year. Demand for all their products increased and this, combined with improved technical efficiencies, led to good results.

Plastic Cutters did not have a very good year, due to some depression in the cutlery trade in the early part of the year. The position has now improved.

Extralex Ltd. had a poor year and have some way to go in a difficult technical field before this development can be considered successful.

Australia

An arrangement was concluded with Email Limited of Sydney whereby the British Xylonite Group became equal partners with Email Limited in British Xylonite (Australia) Proprietary Limited. Exchange of information between the parent companies allied to Email's important interests in Australia is expected to lead to considerable expansion of British Xylonite (Australia) Proprietary Limited.

General

There are inherent dangers in the fast developing and changing plastic industry but the constant expansion in the use of plastic materials tends to offset this. I have seldom attempted to forecast the future but, provided there is no serious check to business as a whole consequent upon a deterioration in the country's economic position, the results of 1960 should at least equal those of 1959.

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